

The Military Family Home Protection Act of 2012

The Military Family Home Protection Act of 2012 was introduced by Senator Rockefeller on June 20, 2012. The legislation would strengthen the legal protections our military personnel enjoy under the Servicemembers' Civil Relief Act (SCRA).

One important way the SCRA protects active duty servicemembers is by lowering their mortgage interest rates while they are on active duty, and by prohibiting banks from foreclosing on servicemembers' homes without first getting court approval. When American men and women enter active duty military service, it is sometimes difficult or impossible for them to meet their civilian legal and financial obligations.

A joint House-Senate forum held in July 2011 in the Senate Commerce Committee hearing room showed that not all banks have been following the law. In May 2011, for example, the Department of Justice (DOJ) settled lawsuits with the former Countrywide Home Loans (now a subsidiary of Bank of America) and Saxon Mortgage (a subsidiary of Morgan Stanley) for \$22 million. In these lawsuits, DOJ alleged that the companies violated the SCRA by foreclosing on more than 170 servicemembers without court orders.

To address these findings, the legislation would expand coverage of the SCRA, increase civil penalties for mortgage-related violations, and improve banks' compliance with the SCRA. On May 17, 2012, the House companion legislation, H.R. 5242, was adopted as an amendment to the National Defense Authorization Act by an overwhelming vote of 394-27.

The provisions of the bill would:

Mortgage Foreclosure Relief The Military Family Home Protection Act expands the class of covered individuals under the SCRA's mortgage provisions to include:

- All servicemembers serving on the battlefield, regardless of when they bought their home,
- Servicemembers retiring 100% disabled due to service-connected injuries, and
- Surviving spouses of servicemembers who died in military service.

The Act stays mortgage foreclosure proceedings against SCRA-covered persons for one year following their service; it also eliminates a current sunset provision that will reduce this protection to 90 days beginning January 1, 2013.

Improving SCRA Compliance The Act protects servicemembers and their families against discrimination by banks and lenders on account of servicemembers' eligibility for SCRA protections, and it doubles the civil penalty for SCRA mortgage violations to \$110,000 for the first offense and \$220,000 for subsequent violations.

The Act also requires banks and lenders to take further steps to ensure SCRA compliance. These steps include:

- Designating an SCRA compliance officer,
- Requiring SCRA compliance officers to distribute information to servicemembers about their SCRA protections, and
- Providing a toll-free telephone number and website to help servicemembers better understand their SCRA protections.